Mogale City
Local Municipality

for the year ended

30 June 2005

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 25, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager
Mr D Mashitisho

Mr D Masitisho was appointed in the posision of Municipal Manager from the 1 October 2006

The Annual Financial Statements was submitted to the Auditor General on 31 October 2006 and withdrawn in March 2007. The statements was re-submitted on 10 April 2007.

10 April 2007
Date

MOGALE CITY LOCAL MUNICIPALITY

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MOGALE CITY LOCAL MUNICIPALITY
GENERAL INFORMATION

EXECUTIVE MAYOR:

Clr. Adv. L. Mokgatle

SPEAKER:

Clr. F. Bhayat

CHIEF WHIP

Clr. K Seerane

MAYORAL COMMITTEE:

Clr. I Dube
Clr. E Segatlhe
Clr. L B Katane
Clr. Baloyi
Clr. P Mabe
Clr. B Maneli
Clr. P Mahlaule
Clr. B Mpanza
Clr. N N Gogotya

GRADING OF THE LOCAL MUNICIPALITY

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AUDITORS:

Office of the Auditor- General (Provincial)

BANKERS:

First National Bank

REGISTERED OFFICE:

Civic Centre Commissioner Street **Krugersdorp** 1739	P O Box 94 **Krugersdorp** 1740	Telephone: (011) 951 - 2000

MUNICIPAL MANAGER:

Mr D Mashitisho

ACTING CHIEF FINANCIAL OFFICER

Mr S Solfafa

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2005

	Note	2005 R	2004 R
NET ASSETS AND LIABILITIES			
Net assets		54,163,291	34,321,785
Capital replacement reserve		12,488,970	9,812,353
Government grant reserve		48,628,513	-
Accumulated Surplus/(Deficit)		(6,954,192)	24,509,432
Non-current liabilities		209,683,416	381,787,162
Long-term liabilities	1	209,133,421	381,256,438
Non-current provisions	2	549,996	530,724
Current liabilities		288,923,712	178,591,546
Consumer deposits	3	25,719,670	24,957,584
Provisions	5	19,278,045	16,310,643
Creditors	4	60,637,683	55,684,798
Unspent conditional grants and receipts	6	16,806,044	24,717,273
VAT	7	24,878,943	19,115,333
Bank overdraft	14	21,181,782	20,177,536
Current portion of long-term liabilities	1	120,421,544	17,628,379
Total Net Assets and Liabilities		*552,770,419*	*594,700,492*
ASSETS			
Non-current assets		436,811,824	465,427,012
Property, plant and equipment	9	348,525,185	337,087,995
Investments	8	74,322,464	111,953,396
Long-term receivables	10	13,964,175	16,385,621
Current assets		115,958,594	129,273,480
Inventory	11	4,690,312	4,693,622
Consumer debtors	12	93,512,633	99,456,590
Other debtors	13	10,267,514	18,842,686
Current portion of long-term debtors	10	7,453,410	6,245,856
Bank balances and cash	14	34,726	34,726
Total Assets		*552,770,419*	*594,700,492*

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

		Actual	
	Note	2005 R	2004 R
REVENUE			
Property Rates	15	105,379,212	94,792,829
Service Charges	16	379,849,104	335,405,992
Rental of facilities & equipment		3,481,477	3,096,663
Interest earned - external investments		20,479,954	5,681
Interest earned - outstanding debtors		19,030,770	24,366,956
Fines		5,661,166	6,234,536
Licences & permits		4,760	1,688,218
Income for agency service		9,382,967	8,745,434
Government grants and subsidies	17	88,397,740	26,761,928
Other income	18	3,025,815	5,673,268
Gains on disposal of property, plant & equipment		4,079,825	124
Reserves utilised in operations		-	9,900,710
Total Revenue		638,772,790	516,672,340
EXPENDITURE			
Employee related cost	19	181,687,121	174,553,660
Remuneration of Councillors	20	10,377,795	9,995,073
Bad debts		1,300,783	-
Capital charges internal advances		49,735,683	23,008,643
Repairs & maintenance		24,848,082	28,967,942
Interest paid	21	50,656,239	63,608,953
Bulk Purchases	22	172,675,688	162,874,628
Contracted services		18,080,856	18,300,824
Grants & Subsidies paid		470,229	2,002,329
General expenses		42,721,262	41,027,565
Total expenditure		552,553,738	524,339,617
SURPLUS/(DEFICIT)		86,219,052	(7,667,277)
Share of surplus/(deficit) of associate accounted for under equity method			
SURPLUS/(DEFICIT) FOR THE YEAR		86,219,052	(7,667,277)



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Note	Pre-Gamap reserves	Housing development fund	Capital replacement reserve	Government grant reserve	Accumulated surplus/(deficit)	Total
2004							
Balance at 1 July 2003		237,088,168	123,939,824	-	-	(71,282,572)	289,745,420
Change in Accounting policy	31	(228,270,007)	(123,939,824)	9,812,353		268,662,135	(73,735,343)
Restated Balance		8,818,161	-	9,812,353		197,379,563	216,010,077
Surplus/(deficit) for the year		-	-	-	-	(7,667,277)	(7,667,277)
Reserves utilised in operations		(9,900,710)	-	-	-	-	(9,900,710)
Other transfers		1,082,549	-	-	-	(165,202,854)	(164,120,305)
Balance at 30 June 2004		-	-	9,812,353	-	24,509,432	34,321,785
2005							
Correction of error	27	-	-	-	-	(325,981)	(325,981)
Restated Balance			-	9,812,353		24,183,451	33,995,804
Surplus/(deficit) for the year		-	-	-	-	86,219,052	86,219,052
Transfer to CRR		-	-	2,676,617	-	(2,676,617)	-
Capital grants used to purchase PPE		-	-	-	48,628,513	(48,628,513)	-
Other transfers		-	-	-	-	(66,051,565)	(66,051,565)
Balance at 30 June 2005		-	-	12,488,970	48,628,513	(6,954,192)	54,163,291



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005	2004
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		634,283,702	645,860,479
Cash paid to suppliers and employees		(501,897,499)	(610,549,242)
Cash generated from operations	23	132,386,203	35,311,237
Interest received		20,479,954	3,409,109
Interest paid		(50,656,239)	(65,616,360)
NET CASH FROM OPERATING ACTIVITIES		102,209,919	(26,896,014)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(63,755,800)	(68,073,876)
Proceeds on disposal of property, plant and equipment		4,079,825	-
(Increase)/Decrease in non-current receivables		(2,421,446)	13,284,220
Increase in non-current investments		37,630,932	46,731,137
NET CASH FROM INVESTING ACTIVITIES		(24,466,488)	(8,058,519)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(69,329,852)	(600,709)
Increase in consumer deposits		762,086	122,579
Other Capital receipts (Utilised in operating)		(10,179,911)	(1,543,646)
NET CASH FROM FINANCING ACTIVITIES		(78,747,677)	(2,021,776)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,004,246)**	**(36,976,309)**
Cash and cash equivalents at the beginning of the year		**(20,142,810)**	**16,833,498**
Cash and cash equivalents at the end of the year	24	**(21,147,056)**	**(20,142,810)**
		(1,004,246)	**(36,976,308)**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year, with the exception of depreciation on Property Plant & Equipment which could not be implemented because of system issues (note 5). GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible.

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. RESERVES

4.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit) .When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

4.2 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are reflected:

- At historical cost, or
- At valuation (based on the market price at date of transaction) where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Director: Finance.

Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet, is tantamount to a provision for depreciation. However, certain structural differences do exist. By way of this "Provision", assets are written down over their estimated useful life.

Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

All net proceeds from the sale of fixed property are credited to Income.

Fixed assets are financed from different sources, including external loans, external grants, operating income and the Capital replacement reserve.

6. INVESTMENTS

6.1 Investments in Securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Municipality has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date. Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available for sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

7. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is first-in, first-out method

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

8. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end outstanding for more than 90 days. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

9. TRADE CREDITORS

Trade creditors are stated at their nominal value.

10. REVENUE RECOGNITION

10.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Income from the farming activities is recognised once being harvested or when the actual transaction take place.

10.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

11. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

12. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

13. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

14. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

15. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. COMPARATIVE INFORMATION

17.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

17.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior year comparative amounts are reclassified where possible. The nature and reason for the reclassification is disclosed.

18. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

19. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

20. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

21. INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are provided from cash surpluses generated.

	2005 R	2004 R
1 LONG-TERM LIABILITIES		
Local Registered Stock Loans	-	51,110,667
Annuity Loans	329,554,965	347,774,150
Sub-total	329,554,965	398,884,817
Less : Current portion transferred to current liabilities	120,421,544	17,628,379
Local Registered Stock Loans		-
Annuity Loans	120,421,544	17,628,379
Total External Loans	**209,133,421**	**381,256,438**

Refer to Appendix A for more detail on long-term liabilities.

2 NON-CURRENT PROVISIONS		
Collateral guarantee insurance	280,976	261,704
Rugby Football club	155,937	155,937
Mayoral fund	113,083	113,083
Total Non-Current Liabilities	**549,996**	**530,724**

The movement in the non-current liabilities is reconciled as follows: -

Balance at beginning of year	530,724	530,724
Contributions to provision	19,272	-
Balance at end of year	**549,996**	**530,724**
3 CONSUMER DEPOSITS		
Electricity and Water	25,719,670	24,957,584
Total Consumer Deposits	**25,719,670**	**24,957,584**
Guarantees held in lieu of Electricity and Water Deposits	**5,789,641**	**6,217,848**
4 CREDITORS		
Trade creditors	32,512,954	35,015,365
Payments received in advance	14,280,103	9,772,807
Sundry Deposits	2,430,018	-
Other creditors	11,414,608	10,896,626
	60,637,683	**55,684,798**

	2005 R	2004 R
5 PROVISIONS		
Staff leave	19,278,045	16,310,643
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
6.1 Conditional Grants from other spheres of Government	16,795,965	22,493,384
MIG Grants	8,230,431	6,895,540
Provincial Government grants	5,889,274	2,030,539
Department of Housing	-	9,031,156
WRDM	193,722	2,413
Wesmet	-	2,146
System Improvement Grant	1,016,389	1,000,000
Finance Management Grant	1,033,220	480,000
Other	432,929	3,051,590
6.2 Other Conditional Receipts	10,079	2,223,889
DBSA	-	2,223,889
Public contributions	10,079	-
Total Conditional Grants and Receipts	**16,806,044**	**24,717,273**

See Note 17 for reconciliation of grants from other spheres of government.

7 VAT		
Vat Assessment June (Actual Liability)	259,742	-
VAT payable (Provision)	24,619,201	19,115,333
	24,878,943	**19,115,333**

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

8 INVESTMENTS		
Unlisted		
Fixed Deposits	74,192,975	111,953,397
Listed		
Sanlam - Listed	129,489	-
	74,322,464	**111,953,397**
Pledged Investments		
Banking institutions	74,322,464	60,263,854
Other	-	51,689,543

	2005 R	2004 R
10 LONG-TERM RECEIVABLES		
Stand loans	10,426,470	9,140,026
Housing loans	5,530,490	8,824,718
Staff loans	2,784,572	2,388,902
Sundry loans	2,448,808	2,050,586
Deferred charges	227,245	227,245
	21,417,585	22,631,477
Less : Current portion transferred to current receivables	7,453,410	6,245,856
Housing loans	7,453,410	6,245,856
Total	**13,964,175**	**16,385,621**

STAFF LOANS

Staff members are entitled to financial assistance in order to study at certain educational institutions. These loans are repayable with interest if the the employee fails and are written off in the cases where employees pass.

STAND & HOUSING LOANS

Stand & Housing loans are available to buyers of property within Mogale City. These loans are granted and repayable with interest in terms of Council`s policy.

11 INVENTORY		
Consumable stores – at cost	4,690,312	4,693,622
Total Inventory	**4,690,312**	**4,693,622**

12 CONSUMER DEBTORS

As at 30 June 2005	**Gross Balances** **R**	**Provision for Bad Debts** **R**	**Net Balance** **R**
Service debtors			
Rates	69,114,892	52,962,535	16,152,357
Water	73,665,852	58,099,379	15,566,473
Electricity	32,640,766	14,983,597	17,657,169
Refuse	65,435,918	56,364,348	9,071,570
Sewerage	17,274,786	13,641,572	3,633,214
Interest	83,176,892	72,777,470	10,399,422
Other	39,730,132	32,977,807	6,752,325
Total	**381,039,238**	**301,806,708**	**79,232,530**
Amounts received in advance	**14,280,103**		**14,280,103**
	395,319,341	**301,806,708**	**93,512,633**

		2005	2004
		R	R
As at 30 June 2004			
Service debtors			
Rates	59,354,920	46,327,671	13,027,249
Water	59,765,234	49,647,613	10,117,621
Electricity	27,305,981	12,272,645	15,033,336
Refuse	47,335,109	42,265,836	5,069,273
Sewerage	15,222,320	12,955,509	2,266,811
Interest	74,412,904	66,369,078	8,043,826
Other	42,700,918	6,575,251	36,125,667
Total	**326,097,386**	**236,413,603**	**89,683,783**
Amounts received in advance	**9,772,807**		**9,772,807**
	335,870,193	**236,413,603**	**99,456,590**

Rates: Ageing		
Current (0 – 30 days)	10,842,492	8,789,323
31 - 60 Days	2,745,416	2,351,578
61 - 90 Days	2,564,449	1,886,347
`+ 90 Days	52,962,535	46,327,671
Total	**69,114,892**	**59,354,919**

(Electricity, Water and Sewerage): Ageing		
Current (0 – 30 days)	41,228,816	30,263,486
31 - 60 Days	7,090,416	5,650,269
61 - 90 Days	7,001,094	4,611,350
`+ 90 Days	216,873,888	183,516,446
Total	**272,194,214**	**224,041,551**

Other services : Ageing		
Current (0 – 30 days)	3,465,788	1,741,406
31 - 60 Days	2,055,778	137,353
61 - 90 Days	1,230,759	3,108,204
`+ 90 Days	32,977,807	37,835,623
Total	**39,730,132**	**42,822,586**

Reconciliation of the bad debt provision		
Balance at beginning of the year	236,413,603	135,471,861
Contributions to provision	65,393,095	107,232,502
Bad debt written off	-	(6,290,760)
Balance at end of year	301,806,698	236,413,603

	2005 R	2004 R
13 OTHER DEBTORS		
Grant debtors	377,539	2,932,366
Payments made in advance	2,823,795	743,366
Insurance claims	6,093	20,937
Government subsidies	2,113,201	3,668,911
Sundry debtors	4,821,009	5,130,556
SARS Vat Claim	125,877	6,346,550
Total Other Debtors	**10,267,514**	**18,842,686**

14 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -

First National Bank - Corporate Account Services Branch: Account Number 6204 524 3491	**273,353**	**843,538**
First National Bank - Corporate Account Services Branch: Account Number 6204 524 2469	**1,388,231**	**1,687,270**
First National Bank - Corporate Account Services Branch: Account Number 6204 523 1074 - Primary	**4,223,623**	**(3,722,041)**
First National Bank - Corporate Account Services Branch: Account Number 6208 172 0114	**36,893**	**-**
First National Bank - Corporate Account Services Branch: Account Number 6208 171 8523	**83,093**	**-**
First National Bank - Corporate Account Services Branch: Account Number 6208 171 9274	**208,496**	**-**
First National Bank - Corporate Account Services Branch: Account Number 6205 643 3429	**1,998,160**	**259,341**
ABSA - Sandton Business Centre: Account Number 310 000 027	**167,817**	**1,149,731**
Cash book balance at beginning of year - (overdrawn)	**(20,177,536)**	**16,798,771**
Cash book balance at end of year - (overdrawn)	**(21,181,782)**	**(20,177,536)**
Bank statement balance at beginning of year	**217,839**	**35,191,184**
Bank statement balance at end of year	**8,379,666**	**217,839**

The financial system do not support the usage of different Cash Books and therefore only one Bank Reconciliation and Cashbook is included

Bank and Cash		
Casher floats & Petty cash	34,726	34,726
	34,726	**34,726**

	2005 R	2004 R
15 PROPERTY RATES		
Actual		
Residential	58,825,520	51,805,682
Agricultural	12,866,920	11,653,495
Commercial	30,551,991	28,402,538
State	3,134,781	2,931,114
Total Assessment Rates	**105,379,212**	**94,792,829**
Valuations	***July 2005 R000's***	***July 2004 R000's***
Residential	1,634,164	1,340,261
Commercial	283,976	258,582
State	19,440	33,153
Municipal	272,957	124,520
Total Property Valuations	**2,210,537**	**1,756,516**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2001. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and and changes in use.

16 SERVICE CHARGES		
Sale of electricity	204,496,882	184,478,801
Refuse removal	95,718,333	81,219,476
Sewerage and sanitation charges	41,944,260	37,224,291
Sale of water	36,416,574	31,677,937
Other	1,273,054	805,487
Total Service Charges	**379,849,104**	**335,405,992**
17 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	31,940,946	21,643,313
MIG Grants	26,461,108	-
Department of housing	18,941,520	-
Provincial government	3,725,885	-
Finance management grant	2,018,370	-
Health subsidy	4,975,137	4,533,798
Bontle ke Botho	85,350	-
WRDM	116,876	275,160
Other	132,548	309,657
Total Government Grant and Subsidies	**88,397,740**	**26,761,928**

17.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R112 (2005: R101), which is funded from this grant.

	2005 R	2004 R
17.2 Provincial Health Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts - included in public health vote	4,975,137	4,533,798
Conditions met - transferred to revenue	(4,975,137)	(4,533,798)
Conditions still to be met - transferred to liabilities (see note 6)	-	-

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 50% of total expenditure incurred. This grant has been used exclusively to fund clinic services. (included in the public health vote in Appendix D)

17.3 MIG Grant

Balance unspent at beginning of year	6,895,540	(9,363,800)
Current year receipts	27,795,998	16,514,191
Conditions met - transferred to revenue	(26,461,108)	(254,851)
Conditions still to be met - transferred to liabilities (see note 6)	**8,230,430**	**6,895,540**

This grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas (included in the roads and sewerage votes in Appendix B). No funds have been withheld.

17.4 Department of Housing

Balance unspent at beginning of year	9,031,156	(3,615,329)
Current year receipts	9,910,364	18,891,787
Conditions met - transferred to revenue	(18,941,520)	(6,245,302)
Conditions still to be met - transferred to liabilities (see note 6)	**-**	**9,031,156**

This grant is administrated on behalf of the Department of Housing for the erection of houses

17.5 Finance Management Grant

Balance unspent at beginning of year	3,051,590	-
Current year receipts	-	3,330,000
Conditions met - transferred to revenue	(2,018,370)	(278,410)
Conditions still to be met - transferred to liabilities (see note 6)	**1,033,220**	**3,051,590**

The Finance management grant is utilised in the internship programme for the payment of salaries and training of the finance interns

17.6 Other Provincial Government Grants

Balance unspent at beginning of year	2,016,236	5,016,236
Current year receipts	7,098,924	2,016,236
Conditions met - transferred to revenue	(3,225,884)	(5,016,236)
Conditions still to be met - transferred to liabilities (see note 6)	**5,889,276**	**2,016,236**

This grant is utilised for the construction of infrastructure and community facilities

	2005 R	2004 R
18 OTHER INCOME		
Other income	3,025,815	5,673,268
Total Other Income	**3,025,815**	**5,673,268**
19 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	120,506,215	112,852,307
Employee related costs - Contributions for UIF, pensions and medical aids	34,914,348	32,016,562
Travel, motor car, accommodation, subsistence and other allowances	12,966,553	11,073,518
Housing benefits and allowances	2,241,448	2,741,584
Overtime payments	11,008,975	8,062,750
Performance bonus	8,004,508	7,715,992
Long-service awards	800	90,946
Less: Employee costs included in other expenses	(7,955,726)	-
Total Employee Related Costs	**181,687,121**	**174,553,660**

There were no advances to employees. Loans to employees are set out in note 10.

Remuneration of the Municipal Manager		
Annual Remuneration	545,606	427,690
Performance Bonuses	-	-
Car Allowance	162,504	162,504
Contributions to UIF, Medical and Pension Funds	36,959	100,756
Total	745,069	690,950
Remuneration of the Chief Finance Officer		
Annual Remuneration	567,332	490,522
Performance Bonuses	-	-
Car Allowance	108,000	108,000
Contributions to UIF, Medical and Pension Funds	1,071	28,648
Total	676,403	627,170
Remuneration of Individual Executive Directors		
Annual Remuneration	250,681	508,940
Performance Bonuses	-	-
Car Allowance	42,000	90,000
Medical and pension funds	57,319	1,060
Total	350,000	600,000

	2005 R	2004 R
20 REMUNERATION OF COUNCILLORS		
Executive Mayor	494,680	450,170
Speaker	322,238	-
Executive Committee Members	3,093,178	3,543,040
Councillors	5,554,075	6,001,863
Councillors' pension contribution	913,624	-
Total Councillors' Remuneration	**10,377,795**	**9,995,073**

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards.

21 INTEREST PAID		
Total Interest on External Borrowings	**50,656,239**	**63,608,953**
22 BULK PURCHASES		
Electricity	109,805,047	102,566,475
Water	62,870,641	60,308,153
Total Bulk Purchases	**172,675,688**	**162,874,628**
23 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	86,219,052	(7,667,277)
Appropriations	(325,981)	(113,938,241)
Adjustment for:-		
Other	101,565	-
Gain on disposal of property, plant and equipment	(4,079,825)	-
Capital receipts	-	43,279,581
Interest paid	50,656,239	65,616,360
Investment income	(20,479,954)	(3,409,109)
Operating surplus before working capital changes:	**112,091,095**	**(16,118,686)**
(Increase)/Decrease in inventories	3,310	(415,081)
(Increase)/decrease in debtors	5,943,958	82,425,487
(Increase)/decrease in other debtors	8,575,172	3,534,130
(Decrease)/increase in conditional grants and receipts	(7,911,229)	-
Increase in provisions	2,967,402	-
Increase in creditors	4,952,885	(34,114,613)
Increase in VAT	5,763,610	-
Cash generated by/(utilised in) operations	**132,386,203**	**35,311,237**

	2005 R	2004 R

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	34,726	34,726
Bank overdrafts	(21,181,782)	(20,177,536)
Total cash and cash equivalents	**(21,147,056)**	**(20,142,810)**

25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

25.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions	245,455	234,543
Amount paid - current year	(245,455)	(234,543)
Amount paid - previous years		
Balance unpaid (included in creditors)	**-**	**-**

25.2 Audit fees

Opening balance	-	-
Current year audit fee	491,369	860,792
Amount paid - current year	(491,369)	(860,792)
Amount paid - previous years		
Balance unpaid (included in creditors)	**-**	**-**

25.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

25.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	1,800,559	1,436,149
Amount paid - current year	(1,800,559)	(1,436,149)
Amount paid - previous years		
Balance unpaid (included in creditors)	**-**	**-**

	2005 R	2004 R
25.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	2,702,538	2,617,259
Amount paid - current year	(2,702,538)	(2,617,259)
Balance unpaid (included in creditors)	**-**	**-**

25.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

	Total	Outstanding less than 90 days	Outstanding more than 90 Days
	R	R	R
30th June 2005			
Mpanza BJ	1,101	1,101	
Segatlhe E	1,397	1,397	
Cindi EN	2,515	2,515	
Tsangela M	1,095	1,095	
Nel P	8,834		8,834
Ntlatlane AM	20,371		20,371
Total Councillor Arrear Consumer Accounts	**35,313**	**6,108**	**29,205**
30th June 2004			
Gogotya NM	1,026		1,026
Dladla VS	2,831		2,831
Tau MO	1,344		1,344
Cindi EN	2,739		2,739
Ramarutsi P	909	909	
Ntlatlane AM	7,021		7,021
Oliphant SP	205	205	
Xolilizwe	934	934	
Thupane D	2,897		2,897
Nkomo G	5,786		5,786
Loonat Z	593	593	
Mojaki KI	3,522		3,522
Modise SW	1,473		1,473
Zagagana C	2,371		2,371
Mbanjwa WM	374		374
Montigoa S	2,584		2,584
Maleke PK	3,494		3,494
Mokonyane AM	477		477
Total Councillor Arrear Consumer Accounts	**40,580**	**2,641**	**37,939**

	2005 R	2004 R
26 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	18,257,067	84,942,711
Infrastructure	9,872,413	44,447,114
Community	5,114,654	13,156,514
Heritage	-	
Other	3,270,000	27,339,083
- Approved but not yet contracted for		
Infrastructure	-	-
Community	-	-
Heritage	-	-
Other	-	-
Total	**18,257,067**	**84,942,711**
This expenditure will be financed from:		
- External Loans	-	38,098,569
- Government Grants	18,257,067	40,903,727
- Own resources	-	5,218,291
- District Council Grants	-	722,124
	18,257,067	**84,942,711**
27 CORRECTION OF ERROR		
Contributions included in operating		
Leave provision	313,985	-
Non current provisions	(2,308,932)	-
Funding Adjustments CDF	2,676,617	-
Previous year income adjustment	(352,130)	-
Previous year expenditure adjustment	(655,521)	-
	(325,981)	-

28 RETIREMENT BENEFIT INFORMATION

All Councillors and employees belong to 3 defined benefit retirement funds administered by the Provincial Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2003. These valuations indicate that the funds are in a sound financial position. The estimated liability of the funds is R200,7 million which is adequately financed by assets of R255,4 million.

An amount of R2,2 million (2004 : R2.1 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

	2005 R	2004 R
29 CONTINGENT LIABILITY		
Stannic Loans: Guaranteed	10,005,106	15,545,083
Housing Loans: Guarantees	434,960	488,960
	10,440,066	16,034,043

30 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

31 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -

31.1 Statutory Funds	
Balance previously reported: -	
Capital Development Fund	115,960,275
Land Trust Fund	68,550,615
Housing Development Fund	123,939,824
Total	**308,450,714**
Implementation of GAMAP	
Transferred to the Capital Replacement Reserve	9,812,353
Transfer to Bad debt provision	107,232,502
Transfer to leave provision	10,261,958
Transferred to Accumulated Surplus/(Deficit) (see 31.8 below)	181,143,901
Total	**308,450,714**
31.2 Provisions and Reserves	
Balance previously reported	
Capital Replacement Reserve	4,201,702
SMME Provision	344,311
Audit fees provision	419,111
Gratuity provision	1,394,680
WCA provision	1,182,948
Township development reserve	16,385,395
Endowment fund	4,365,680
Community facilities fund	5,808,273
Insurance provision	9,074,884
Loss of Rental Provision	582,133
Total	**43,759,117**
Implementation of GAMAP	
Transferred to Accumulated Surplus/(Deficit) (see 31.8 below)	**43,759,117**

	2005 R	2004 R
31.3 Accumulated Surplus/(Deficit)		
Implementation of GAMAP		
Excessive provisions and reserves no longer permitted (see 31.3 above)		43,759,117
Transferred from statutory funds (see 31.1 above)		224,903,018
Total		**268,662,135**

The funds were written-off by Council because none of the funds were backed by cash and as a first step in the GAMAP implementation

31.4 Consumer deposits	
Balance previously reported	(24,962,215)
Sundry deposits now included in creditors	3,631
Total	(24,958,584)
31.5 Consumer debtors	
Balance previously reported	121,749,369
Suspense accounts incorrectly included as debtors	(3,450,093)
Total	118,299,276
31.6 Creditors	
Balance previously reported	(102,963,864)
Transferred from deposits and debtors	3,446,462
Total	(99,517,402)

9 PROPERTY, PLANT & EQUIPMENT

30-Jun-05 **Reconciliation of Carrying Value**	**Land and Buildings** **R**	**Infra-structure** **R**	**Community** **R**	**Heritage** **R**	**Other** **R**	**Total** **R**
Carrying values at 1 July 2004	**106,350,239**	**940,638,735**	**81,790,383**	**215,837**	**133,848,460**	**1,262,843,654**
Cost	106,350,239	940,638,735	81,790,383	215,837	133,848,460	1,262,843,654
Correction of error						
Accumulated depreciation						
Acquisitions	20,612	56,356,480	3,355,033	-	4,023,676	63,755,800
Capital under Construction						
Depreciation						
Carrying value of disposals						
Cost	(1,003,664)	(9,310,657)	(1,973,757)	(276)	(1,118,740)	(13,407,093)
Accumulated depreciation						
Impairment losses						
Other movements						
Carrying values at 30 June 2005	**105,367,187**	**987,684,558**	**83,171,659**	**215,561**	**136,753,396**	**1,313,192,361**
Cost	105,367,187	987,684,558	83,171,659	215,561	136,753,396	1,313,192,361
Loans redeemed & other capital receipts						(964,667,176)
Nett assets						348,525,185

30-Jun-04 **Reconciliation of Carrying Value**	**Land and Buildings** **R**	**Infra-structure** **R**	**Community** **R**	**Heritage** **R**	**Other** **R**	**Total** **R**
Carrying values at 1 July 2003	**93,480,579**	**902,491,607**	**66,871,810**	**215,837**	**124,574,882**	**1,187,634,715**
Cost	93,480,579	902,491,607	66,871,810	215,837	124,574,882	1,187,634,715
Correction of error						
Accumulated depreciation						
Acquisitions	12,569,660	36,704,631	12,500,857		6,298,728	68,073,876
Capital under Construction						
Depreciation						
Carrying value of disposals	300,000	1,442,497	2,417,716	-	2,974,850	7,135,063
Cost	300,000	1,442,497	2,417,716		2,974,850	7,135,063
Accumulated depreciation						
Impairment losses						
Other movements						
Carrying values at 30 June 2004	**106,350,239**	**940,638,735**	**81,790,383**	**215,837**	**133,848,460**	**337,087,995**
Cost	106,350,239	940,638,735	81,790,383	215,837	133,848,460	1,262,843,654
Loans redeemed & other capital receipts						(925,755,659)
Nett assets						337,087,995

Backlog depreciation will be included in the 2005/06 Annual Financial Statements. The amount under the heading Loans Redeemed & other Capital Receipts deemed to be tandemount to accumulated depreciation for the purpouses of this Financial Statements

Grant funding of assets for the 2004/05 financial year is for purposes of Grap compliency transferred to the government grant reserve and not included in Loans Redeemed and other capital receipts

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will calculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present this assets are not depreciated. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.

All assets are now classified to comply with the GAMAP and MFMA Classifications

APPENDIX A

MOGALE CITY LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2005

EXTERNAL LOANS		Loan Number	Redeemable	Balance at 2004/06/30	Received during the year	Redeemed written off during the year	Balance at 2005/06/30
LONG-TERM LOANS				**R**	**R**	**R**	**R**
Local registered stock							
Stock Loan @ 13.70%		10	2009/06/30	(51,110,667)	-	51,110,667	-
ANNUITY LOANS							
DBSA							
	13.20%	15	2010/03/31	(57,703,835)	-	6,826,673	(50,877,162)
	16.20%	30	2010/12/31	(35,210,987)	-	3,390,098	(31,820,889)
	15%	50	2018/08/31	(32,977,943)	-	-	(32,977,943)
	13.56%	55	2014/06/30	(2,627,119)	-	135,941	(2,491,179)
	15%	60	2018/03/31	(1,773,949)	-	-	(1,773,949)
	10.05%	65	2006/12/31	(30,672)	-	11,378	(19,293)
	15%	70	2018/03/31	(3,956,187)	-	-	(3,956,187)
	15%	75	2022/03/31	(10,471,608)	-	-	(10,471,608)
	15%	80	2018/03/31	(1,224,426)	-	-	(1,224,426)
	15%	81	2024/03/31	(3,172,130)	-	206,004	(2,966,126)
	15%	85	2018/03/31	(1,244,877)	-	-	(1,244,877)
	15%	90	2018/03/31	(229,632)	-	-	(229,632)
	15%	95	2018/03/31	(5,268,941)	-	-	(5,268,941)
	15%	100	2018/03/31	(9,336,575)	-	-	(9,336,575)
	15%	105	2018/03/31	(1,914,554)	-	-	(1,914,554)
	15%	110	2018/03/31	(3,112,192)	-	-	(3,112,192)
	15%	115	2018/03/31	(4,149,589)	-	-	(4,149,589)
	15%	120	2018/03/31	(311,219)	-	-	(311,219)
	15%	125	2018/03/31	(308,512)	-	-	(308,512)
	15%	130	2018/03/31	(4,045,849)	-	-	(4,045,849)
	15%	135	2018/03/31	(4,253,329)	-	-	(4,253,329)
ABSA							
	12.74%	35	2010/03/31	(64,450,025)	(6,149,433)	15,112,939	(55,486,519)
INCA							
		39	2007/06/30	(30,000,000)	(366,104)	-	(30,366,104)
		40	2007/06/30	(40,000,000)	(538,447)	-	(40,538,447)
		41	2007/06/30	(30,000,000)	(409,863)	-	(30,409,863)
TOTAL EXTERNAL LOANS				**(398,884,817)**	**(7,463,847)**	**76,793,699**	**(329,554,965)**

APPENDIX B

MOGALE CITY LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	Cost/Revaluation					Accumulated Depreciation				Carrying
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value
Infrastructure										
Roads, Pavements, Bridges & Storm Water	306,371,256	4,739,932	-	(3,503,357)	307,607,832	-	-	-	-	307,607,832
Water Reservoirs & Reticulation	158,052,565	10,558,751	-	2,112,881	170,724,197	-	-	-	-	170,724,197
Electricity Reticulation	183,522,030	4,640,506	-	(756,946)	187,405,590	-	-	-	-	187,405,590
Sewerage Purification & Reticulation	173,091,633	7,182,614	-	(2,364,992)	177,909,255	-	-	-	-	177,909,255
Housing	90,431,080	17,352,068	-	(69,635)	107,713,513	-	-	-	-	107,713,513
Street Lighting	5,193,563	2,241,402	-	(2,241,400)	5,193,565	-	-	-	-	5,193,565
Refuse sites	19,739,951	8,848,330	-	(1,694,331)	26,893,950	-	-	-	-	26,893,950
Other	4,236,656	792,877	-	(792,877)	4,236,656	-	-	-	-	4,236,656
	940,638,735	**56,356,480**	**-**	**(9,310,657)**	**987,684,558**	**-**	**-**	**-**	**-**	987,684,558
Community Assets										-
Establishment of Parks & Gardens	4,554,040	-	-	-	4,554,040	-	-	-	-	4,554,040
Sportsfields	26,366,485	2,059,648	-	(141,667)	28,284,466	-	-	-	-	28,284,466
Community Halls	14,847,804	-	-	-	14,847,804	-	-	-	-	14,847,804
Libraries	11,263,460	302,990	-	-	11,566,451	-	-	-	-	11,566,451
Recreational Facilities	13,575,722	-	-	-	13,575,722	-	-	-	-	13,575,722
Clinics	6,388,391	976,379	-	(1,826,687)	5,538,083	-	-	-	-	5,538,083
Other	4,794,482	16,016	-	(5,403)	4,805,095	-	-	-	-	4,805,095
	81,790,383	**3,355,033**	**-**	**(1,973,757)**	**83,171,659**	**-**	**-**	**-**	**-**	83,171,659
Heritage Assets										
Painting & Art Galleries	215,837	-	-	(276)	215,561	-	-	-	-	215,561
	215,837	**-**	-	**(276)**	**215,561**	-	-	-	-	215,561
Other Assets										
Other motor vehicles	6,372,872	-	-	(934,056)	5,438,817	-	-	-	-	5,438,817
Plant & equipment	22,967,307	37,649	-	(1,930,507)	21,074,448	-	-	-	-	21,074,448
Office equipment	21,484,245	373,898	-	(415,255)	21,442,888	-	-	-	-	21,442,888
Office furniture	14,977,211	349,065	-	1,819,303	17,145,579	-	-	-	-	17,145,579
Airports	41,361	-	-	-	41,361	-	-	-	-	41,361
Security Measures	2,023,878	-	-	-	2,023,878	-	-	-	-	2,023,878
Civic Land and Buildings	68,379,940	-	-	(96,720)	68,283,219	-	-	-	-	68,283,219
Other Land and Buildings	37,970,299	20,612	-	1,100,384	39,091,295	-	-	-	-	39,091,295
Other	65,981,586	3,263,064	-	(1,665,553)	67,579,097	-	-	-	-	67,579,097
										-
	240,198,699	**4,044,288**	**-**	**(2,122,404)**	**242,120,583**	**-**	**-**	**-**	**-**	242,120,583
Total assets	**1,262,843,654**	**63,755,800**	**-**	**(13,407,093)**	**1,313,192,361**	**-**	**-**	**-**	**-**	1,313,192,361
Loans Redeemed	**(925,759,605)**	**30,593,332**	**-**	**(69,500,903)**	**(964,667,176)**	**-**	**-**	**-**	**-**	(964,667,176)
Nett Asset Value	**337,084,049**	**94,349,132**	**-**	**(82,907,996)**	**348,525,185**	**-**	**-**	**-**	**-**	348,525,185

APPENDIX C

MOGALE CITY LOCAL MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	Cost					Accumulated Depreciation				Carrying
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value
Executive & Council	6,954,432	45,978	-	27,459	7,027,869	-	-	-	-	7,027,869
Finance & Admin	126,119,578	1,881,420	-	1,668,551	129,669,549	-	-	-	-	129,669,549
Planning & Development	7,784,622	-	-	(5,610)	7,779,012	-	-	-	-	7,779,012
Health	7,517,837	1,325,444	-	(1,767,362)	7,075,919	-	-	-	-	7,075,919
Community & Social Services	38,716,631	374,533	-	(152,318)	38,938,845	-	-	-	-	38,938,845
Housing	98,072,047	17,352,068	-	(200)	115,423,915	-	-	-	-	115,423,915
Public Safety	7,696,342	-	-	(687,576)	7,008,766	-	-	-	-	7,008,766
Sport & Recreation	45,108,244	2,059,648	-	181,999	47,349,890	-	-	-	-	47,349,890
Environmental Protection	16,125,712	-	-	(495,502)	15,630,210	-	-	-	-	15,630,210
Waste Management	172,070,084	8,013,140	-	(2,614,307)	177,468,917	-	-	-	-	177,468,917
Solid Waste	38,097,536	10,478,968	-	(3,003,055)	45,573,449	-	-	-	-	45,573,449
Road Transport	287,393,285	4,739,932	-	(3,497,239)	288,635,978	-	-	-	-	288,635,978
Water	222,672,043	11,445,794	-	(774,998)	233,342,839	-	-	-	-	233,342,839
Electricity	187,648,248	6,038,876	-	(2,290,880)	191,396,243	-	-	-	-	191,396,243
Other	870,959	-	-	-	870,959	-	-	-	-	870,959
TOTAL	**1,262,847,600**	**63,755,800**	**-**	**(13,411,039)**	**1,313,192,361**	**-**	**-**	**-**	**-**	**1,313,192,361**
LOANS REDEEMED	**(925,759,605)**	**30,593,332**	**-**	**(69,500,903)**	**(964,667,176)**	**-**	**-**	**-**	**-**	**(964,667,176)**
NETT ASSETS	**337,087,995**	**94,349,132**	**-**	**(82,911,942)**	**348,525,185**	**-**	**-**	**-**	**-**	**348,525,185**

MOGALE CITY LOCAL MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30-Jun-2005

2004 Actual Income R	2004 Actual Expenditure R	2004 Surplus/ (Deficit) R		2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R
2,750,479	20,954,136	(18,203,657)	Executive & Council	10,443,346	20,442,317	(9,998,970)
184,726,647	87,577,114	97,149,533	Finance & Admin	216,286,103	75,519,974	140,766,129
4,023,380	17,561,282	(13,537,902)	Planning & Development	31,517,142	13,797,920	17,719,222
4,796,479	11,028,056	(6,231,577)	Health	4,507,587	8,075,572	(3,567,985)
8,517,265	26,848,533	(18,331,267)	Community & Social	1,535,190	17,661,362	(16,126,172)
1,533,784	13,557,672	(12,023,888)	Housing	19,681,214	19,701,488	(20,274)
12,590,505	26,820,982	(14,230,477)	Public Safety	5,825,121	25,829,448	(20,004,326)
1,315,615	10,743,656	(9,428,041)	Sport & Recreation	1,121,413	9,303,515	(8,182,102)
770,973	22,412,431	(21,641,458)	Environmental Services	148,575	24,782,941	(24,634,366)
75,347,718	66,469,575	8,878,143	Waste Management	79,408,956	67,961,348	11,447,608
15,976,285	54,866,021	(38,889,736)	Road transport	10,544,007	41,297,793	(30,753,786)
91,166,467	98,506,928	(7,340,460)	Water	96,217,430	110,574,954	(14,357,525)
195,953,795	149,134,762	46,819,033	Electricity	203,881,170	159,302,854	44,578,316
1,743,488	2,399,011	(655,523)	Other	815,136	1,461,854	(646,717)
601,212,881	608,880,158	(7,667,277)	**Sub Total**	681,932,391	595,713,339	86,219,052
82,618,110	82,618,110	-	Less Inter-Departmental Charges	43,159,601	43,159,601	-
518,594,771	526,262,048	(7,667,277)	**Total**	638,772,790	552,553,738	86,219,052

MOGALE CITY LOCAL MUNICIPALITY
APPENDIX E(1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2005

	2005	2005	2005	2005	Explanation of Significant Variances
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)	
Property rates	105,379,212	105,575,526	-196,314	-0.19	
Service charges	379,849,104	387,195,509	-7,346,405	-1.90	
Rental of facilities and equipment	3,481,477	3,316,835	164,642	4.96	
Interest earned - external investments	20,479,954	0	20,479,954		Interest were allocated to the Consolidated Loans Fund in the budget as per pre-GAMAP standard and therefore not included in the operational budget.
Interest earned - outstanding debtors	19,030,770	29,601,162	-10,570,392	-35.71	The interest rate is linked to the prime rate which decreased significantly during the financial year although the budget was based on previous years actual.
Fines	5,661,166	6,262,956	-601,790	-9.61	
Agency Functions	9,382,967	8,066,361	1,316,606	16.32	The income for licenses and permits were incorrectly included for budget purposes as agency income.
Licences and permits	4,760	1,646,304	-1,641,544	-99.71	The income for licenses and permits were incorrectly included for budget purposes as agency income.
Government grants and subsidies	88,397,740	38,182,399	50,215,341	131.51	Capital Grants utilised was not included for budget purposes as income as required in terms of GRAP.
Other income	3,025,815	4,272,375	-1,246,560	-29.18	The budgeted income did not realise
Gains on disposal of property, plant and equipment	4,079,825	1,304,892	2,774,933	212.66	During the financial year, MLCM assets were unexpectedly disposed on auction, which were not budgeted for but drastically increased the actuals.
Total Revenue	***638,772,790***	***585,424,319***	***53,348,471***	**9.11**	
EXPENDITURE					
Employee related cost	181,687,121	181,971,658	-284,537	-0.16	
Remuneration of Councillors	10,377,795	10,103,301	274,494	2.72	
Bad debts	1,300,783	44,330,953	-43,030,170	-97.07	The working capital provision is a MFMA requirement to account for the difference between levied amounts and actual receipts in order to protect the cashflow of the Council. This is only a budgted amount as no real provision exist.
Capital Charges internal advances	49,735,683	46,839,926	2,895,757	6.18	
Repairs & maintenance	24,848,082	28,716,720	-3,868,638	-13.47	Due to limitations in actual cash flow, the full repairs & maintenance budget could not be spent.
Interest paid	50,656,239	35,797,649	14,858,590	41.51	Interest were allocated to the Consolidated Loans Fund in the budget as per pre-GAMAP standard and therefore not included in the operational budget.
Bulk Purchases	172,675,688	175,391,599	-2,715,911	-1.55	
Contracted services	18,080,856	17,983,189	97,667	0.54	
Grants & Subsidies paid	470,229	472,630	-2,401	-0.51	
General expenses	42,721,262	43,816,694	-1,095,432	-2.50	
Total Expenditure	***552,553,738***	***585,424,319***	***-32,870,581***		
NET SURPLUS/(DEFICIT) FOR THE YEAR	***86,219,052***	***0***	***86,219,052***		

MOGALE CITY LOCAL MUNICIPALITY

APPENDIX E(2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY,PLANT & EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2005

	Actual 2005 R	Budget 2005 R	Variance 2005 R	Variance 2005 %	Explanation of significant Variances
Infrastructure					
Roads, Pavements, Bridges & Storm Water	4,739,932	2,000,000	(2,739,932)	-58	Budgeted for as part of Housing development
Water Reservoirs & Reticulation	10,558,751	14,120,281	3,561,530	34	Projects did not realised. Rolled over to the 05/06 financial year
Electricity Reticulation	4,640,506	5,000,000	359,494	8	
Sewerage Purification & Reticulation	7,182,614	2,000,000	(5,182,614)	-72	Budgeted for as part of Housing development
Housing	17,352,068	24,439,609	7,087,541	41	Budget includes Roads,Stormwater & sewer
Street Lighting	2,241,402	1,150,000	(1,091,402)	-49	Budgeted for as part of Housing development
Refuse sites	8,848,330	8,358,380	(489,950)	-6	
Other	792,877	908,637	115,760	15	Budget not spent due to cashflow constraints
	56,356,480	57,976,907	(1,620,427)	3	
Community Assets					
Establishment of Parks & Gardens	-				
Sportsfields	2,059,648	9,200,000	7,140,352	347	Budget not spent due to cashflow constraints
Libraries	302,990	1,223,000	920,010	304	Budget not spent due to cashflow constraints
Clinics	976,379	-	(976,379)	-100	Project not budgeted for to be financed from savings from other capital projects
Other	16,016	10,000	(6,016)	-38	
	3,355,033	10,433,000	(7,077,967)	211	
Other Assets					
Plant & equipment	37,649	41,363	3,714	10	Budget not spent due to cashflow constraints
Office equipment	373,898	3,957,824	3,583,926	959	Budget not spent due to cashflow constraints
Office furniture	349,065	350,000	935	0	
Other Land and Buildings	20,612	20,000	(612)	-3	
Other	3,263,064	5,250,000	1,986,936	61	Budget not spent due to cashflow constraints
	4,044,288	9,619,187	(5,574,899)	138	
	63,755,800	78,029,094	(14,273,294)	22	